Decision Matrix
Madison Gas and Electric Company
Docket 3270-UR-114
November 20, 2006

ISSUE	TRANSCRIPT REFERENCE	AMOUNT	POSITIONS OF THE PARTIES
1. Should MGE's rates be increased to recover additional costs related to its investment in the Elm Road Generating Station? **(Uncontested)**	Tr. 344 Ex. 40 Tr. 369	$4,859,000	**Uncontested Alternative:** Adjust electric rates to allow MGE recovery of the additional $4,859,000 it is requesting in 2007 for costs associated with the company's investment in the Elm Road Generating Station.
2. Fuel costs			
a. What level of monitored fuel costs should be included in 2007 revenue requirements? **(Uncontested)**	Tr. 376-379 Ex. 49		**Uncontested Alternative:** Accept Commission staff adjusted 2007 monitored fuel costs.
b. What monitoring ranges should be used to monitor 2007 monitored fuel costs?	Tr. 349-350, Br. 4		**MGE:** The Commission should establish fuel monitoring ranges as follows: 1) an annual range of plus or minus 2 percent; 2) a monthly range of plus or minus 8 percent; and 3) a cumulative range of plus or minus 8 percent for the first month of the test year, plus or minus 5 percent for the second month of the test year, and plus or minus 2 percent for the remaining months of the test year.
	Tr. 379-380		**Other:** The Commission should establish fuel monitoring ranges as follows: 1) an annual range of plus or minus 3 percent; 2) a monthly range of plus or minus 10 percent; and 3) a cumulative range of plus or minus 10 percent for the first month of the test year, plus or minus 6 percent for the second month of the test year, and plus or minus 3 percent for the remaining months of the test year.

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			Alternative One: The Commission could establish fuel monitoring ranges as follows: 1) an annual range of plus or minus 2 percent; 2) a monthly range of plus or minus 8 percent; and 3) a cumulative range of plus or minus 8 percent for the first month of the test year, plus or minus 5 percent for the second month of the test year, and plus or minus 2 percent for the remaining months of the test year. **Alternative Two:** The Commission could establish fuel monitoring ranges as follows: 1) an annual range of plus or minus 3 percent; 2) a monthly range of plus or minus 10 percent; and 3) a cumulative range of plus or minus 10 percent for the first month of the test year, plus or minus 6 percent for the second month of the test year, and plus or minus 3 percent for the remaining months of the test year. **Alternative Three:** The Commission could continue the asymmetrical fuel monitoring ranges authorized in its December 12, 2005, Final Decision which are as follows: 1) for the annual range, plus 2 percent or minus 0.5 percent: 2) for the monthly range, plus 8 percent or minus 2 percent; and 3) for the cumulative range, plus 8 percent or minus 2 percent for the first month of the year, plus 5 percent or minus 1.25 percent for the second month of the year, and plus 2 percent or minus 0.5 percent for the remaining months of the year.

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3. What is the appropriate rate treatment in 2007 for ATC-related transmission costs?	Tr. 338-341, 343, 345, 351; Ex. 41 Tr. 366-367,369-370		**MGE:** Allow MGE to recover the incremental cost of the ATC network service fees in 2007 and either continue the escrow for network service fees or defer any refunds in network service fees until they could be returned to ratepayers. **Alternative One:** Continue escrow accounting but only for ATC network service fees. Provide recovery of the incremental amount of network service fees in 2007 rates. **Alternative Two:** End escrow accounting. Include the recently updated 2007 level of network service fees in revenue requirement and defer any downward adjustments or refunds. **Alternative Three:** Continue escrow accounting in its entirety as previously authorized through December 31, 2006, with no current recovery of incremental costs. **Alternative Four:** End escrow accounting, and (allow/do not allow) deferral of incremental costs for 2007.
4. Should MGE's request to record 100 percent AFUDC in 2007 on CWIP associated with its proposed wind project, as long as the construction expenditures as well as any associated AFUDC are at risk for rate recovery pending Commission approval of the construction authorization for the wind project? **(Uncontested)**	Tr. 345-348 Tr. 368-369	$0	**Uncontested Alternative:** Allow MGE to record 100 percent AFUDC in 2007 on CWIP associated with its proposed wind project. The construction expenditures as well as any associated AFUDC are at risk for rate recovery pending Commission approval of the construction authorization for the wind project.

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5. What is the appropriate revenue allocation to the customer classes?	Tr. 354-362 Ex. 43		**MGE**: MGE requested a 1.34 percent electric increase. MGE allocated the ERGS cost using non-coincident class demands and allocated the fuel cost using energy sales.
	Tr. 356, 361-362, 385; CUB Br. 1-3		**CUB**: CUB supports the use of a mix of demand and energy allocators for allocating ERGS cost, with no less than 40% based on energy.
	Tr. 381-387 Ex. 50		**Other**: Commission staff allocated the ERGS cost using a 60/40 mix of demand and energy allocators and allocated the fuel cost using energy sales.
			Alternative One: Determine that the revenue allocation proposed by Commission staff in Exhibit 50, adjusted for the final costs, is reasonable.
			Alternative Two: Determine that the revenue allocation proposed by MGE in Exhibit 43, adjusted for the final costs, is reasonable.
			Alternative Three: Determine either Alternative One or Two is appropriate, but identify a specific allocator to use for the ATC/MISO costs.

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6. What is the appropriate rate design?	Tr. 354-362 Ex. 43 Br. 8-10		**MGE**: MGE's proposed rate design changes both energy and demand charges. The energy-only classes see a uniform increase of $0.00233 per kWh, while the demand metered classes see a demand charge increase of $0.01372 per kW per day and a $0.00015 per kWh decrease in the energy charges.
	Br. 1-3		**CUB**: CUB did not state any preference for rate design.
	Tr. 381-387 Ex. 50		**Other**: Commission staff's alternative rate design is based on an overall 1.03 percent decrease in revenue. Commission staff proposed a slight reduction in energy charges for all classes.
			Alternative One: Determine that the rate design proposed by Commission staff in Exhibit 50, adjusted for the final costs, is reasonable.
			Alternative Two: Determine that the rate design proposed by MGE in Exhibit 43, adjusted for the final costs, is reasonable.

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